[Translation]

SHRI NANDKUMAR SAI : Mr. Deputy Speaker, Sir, I would like to ask a question from the hon. Minister through you that the Scientific outlook prevalent in ancient India was described by sages in Shastras in many ways as there is rule to coruscate the sun after taking bath. Similarly Tulsi is planted with the same purpose. The plant of Tulsi is such that it emanates oxygen day and night. Are you taking any measure to propagate this type of Scientific outlook described in our old religious books so that the whole world is acquainted with this knowledge.

[English]

SHRI P.R. DASMUNSI : Sir, the Delhi government is not giving power to Lok Sabha...*(Interruptions)*

[Translation]

SHRI YOGINDER K. ALAGH : Mr. Deputy Speaker Sir, we give precedence to those who have undertaken research on this outlook and gave it a scientific touch. As the hon. Members know that some were mentioning Brahmi. We have started a research programme on it. We will do experiment with Dabur and Zhandu and try to bring before the world our strength of the ancient India. For this we have started work in the eighth plan and we will carry this work in the ninth plan also to increase this historical strength.

MR. DEPUTY SPEAKER : Mantriji, I also would like to ask a supplementary. Can I, besides Tulsi, get information or such oil can be prepared which may prove helpful in maintaining decorum of the House.

(Interruptions)

[English]

MR. DEPUTY SPEAKER : Next Question 543 ....*(Interruptions)*

MR. DEPUTY SPEAKER : Six supplementaries are already over.

[Translation]

The Seventh I have asked. Sorry.

[English]

SHRI RUPCHAND PAL : This is very important you are allowing...

MR. DEPUTY SPEAKER : I have not allowed. We have shifted to the next question.

Counter Guarantees for Power Projects

*543. SHRI †SONTOSH MOHAN DEV:
SHRI ISWAR PRASANNA HAZARIKA :

Will the PRIME MINISTER be pleased to state :

(a) the names of Fast Track Power Projects involving Foreign participation for which counter guarantee has been given by the Union Government;

(b) the names of private projects not involving any foreign financial collaboration given counter guarantee so far;

(c) the amount of counter guarantee involved in each case;

(d) whether the Government have fixed any deadline to give counter guarantees to all projects put in fast track category;

(e) if so, the details thereof; and

(f) if not, the reasons therefor ?

THE MINISTER OF STATE IN THE MINISTRY OF POWER AND MINISTER OF STATE IN THE MINISTRY OF NON-CONVENTIONAL ENERGY SOURCES (DR. S. VENUGOPALACHARI) : (a) to (f) A statement is laid on the Table of the House.

STATEMENT

(a) The Union Government have so far given counter guarantee to the following Fast Track power projects involving foreign participation :

1. Dabhol CCGT (740 MW) of Dabhol Power Company.
2. Ib Valley TPS (420 MW) of M/s. AES, USA.
3. Jegurupadu GBPP (216 MW) of M/s. GVK Industries.

(b) None.

(c) Dabhol : Liability of the Government for fixed charges and energy charges shall not exceed Rs. 1500 crores in a financial year subject to suitable adjustments on account of inflation, change in taxation and rupee devaluation. In case of termination of the Power Purchase Agreement by the Company, the guarantee will be limited only to the outstanding foreign debt which is further limited to US$ 300 million.

Ib Valley : Liability of the Government for fixed charges and energy charges is limited to Rs. 667 crores in a financial year and on 1.4.1996 and each subsequent

year, this limit shall be increased by 5%.
In respect of termination payment, the liability is limited to foreign debt equivalent to the foreign equity.

Jegurupadu : There is no liability towards fixed charges and energy charges.
The liability of the Government on termination is limited to outstanding foreign debt not exceeding the total equity of the project, which in terms of the power purchase agreement amounts to US$ 77.7 million.

(d) to (f) : Government of India's counter guarantee to fast track power projects can be given after all conditions necessary for the guarantee are fulfilled by the concerned State Governments. The Government endeavours to issue the counter guarantee as soon as the conditions are fulfilled.

SHRI SONTOSH MOHAN DEV : Sir, the hon. Minister in his reply has mentioned about three projects, namely Dabhol, Ib Valley and Jegurupadu which have been cleared. In this House, in 1995, the then Government said that there were eight projects for counter-guarantee and the other projects are Godavari GBPP, Zero Unit of NLC, Mangalore TPS, Visakhapatnam which is in Andhra Pradesh and Bhadrawati. As the Power Secretary has declared in one of the Conferences that by September 1996 all these projects will be cleared, may I know from the hon. Minister as to what the present position of the other projects is which came from various foreign investments as well as internal investments ? How many more projects are still being kept pending before the Government and how long will it take to clear it ?

Secondly, day before yesterday I saw a news item. It said that the Government had declared that projects within Rs. 1000 crore will be automatically cleared by the State Government. I have seen another statement which said that now-a-days Independent Power Projects will come directly to the Central Electricity Board instead of being routed through other organisations. I am saying it from the news item. I would like to know whether it is a fact or not. If it is a fact, it is a good thing. We encourage you. So, let us know what the position is.

DR. S. VENUGOPALACHARI : Mr. Deputy Speaker, Sir, as the hon. Member has mentioned so far only three power projects were given clearance. Regarding Jegurupadu, it is already issued on 4-9-1996. Regarding Spectrum Tessra, they have withdrawn the counter-guarantee. Regarding Visakhapatnam Thermal Power Station, which is in Andhra Pradesh, the amended PPA dated 17-8-96 was received from the Government of Andhra Pradesh on 26-8-96 and it was recently sent to the Central Electricity Authority for MOU and scrutiny on 30-8-1996. Regarding Neyveli Zero Unit in Tamil Nadu, this was communicated on 3-9-1996. The imposition of guarantee, charge of four per cent and revision of liquidity damages in favour of NLC are non-negotiable. Regarding Mangalore Thermal Power Station, the officials are meeting. Official discussion is going on. Regarding Bhadrawati Thermal Power Station which is in Maharashtra, the MOU was reminded on 23-8-96 and on 6-9-96 it was requested to expedite their comments. On 23-8-96, we have requested the Government of Maharashtra and the Maharashtra State Electricity Board to furnish the tariff schedule and certify the deviation from Government of India tariff notification, if any.

Regarding Dabhol, counter-guarantee has already been cleared. The hearing has been completed and the judgement is awaited from the hon. High Court. Regarding Ib Valley which is in Orissa, the Government of India has already asked some clarifications on certain PPA related issues sought by the Government of Orissa and they have been conveyed to them. This is regarding Fast Track power projects.

As the hon. Member has said, recently the Government has announced the CEA clearance within Rs. 1000 crore. Since the introduction of power policy, we are regularly streamlining the guidelines of CEA. Recently through competitive bidding the projects which are sponsored by the State Electricity Boards and the State Governments, the limits are increased up to Rs. 1000 crore, i.e. roughly 250 megawatt.

SHRI SONTOSH MOHAN DEV : Is it a fact that the present Government has given up the policy of MOU route and it is now going for the route of bidding ? If it is so, it is a good thing. Is it a fact ?

Sir, a long time is taken to clear any power project. What is the reason for delay ? There are two things, one is environment clearance and the other is availability of fuel. Fuel in this case is gas. There is no gas available now other than in the North-Eastern region for power projects. Second is coal and as long as coal is in the public sector the investment is not coming and as such coal is not available. There was a decision at one time that a captive coal mine will be given to the power projects so that they can have good coal for their projects. What is the present stage of that policy of the Government of India ?

DR. S. VENUGOPALACHARI : Sir, the MOU system continued till 18th February, 1995. The Government has given clear instructions in this regard. Due to lot of

criticisms from 1992 onwards and to maintain transparency, we requested in the month of October, 1993, the State Governments to consider the possibilities of competitive bidding only. After 18th February, 1995, the MoU system was scrapped. It is taken up through competitive bidding only.

As far as environmental clearance is concerned, recently the hon. Prime Minister has taken a review meeting with inter-Ministerial Secretaries and he constituted one high level committee for clearing the fast track projects under which the Cabinet Secretary and all the inter-Ministerial Secretaries are there. One committee was constituted under the Chairmanship of the Principal Secretary to hon. Prime Minister which will look after the clearance of all the projects. Moreover, we have written to the Ministry of Environment to give us technical guidelines and they are constituting a committee to give more powers to the State Governments.

As far as fuel linkage policy is concerned, we have written to the concerned Departments to consider the policy decision and it is under consideration.

SHRI ISWAR PRASANNA HAZARIKA : Sir, I am pleased to see from the reply that the counter guarantee issue has not been totally closed. But in 1995, when the Government of Assam had approached the Government of India for counter guarantee for Amguri gas-based thermal power project, the Government of Assam was told that no counter guarantee was going to be extended beyond the eight fast track power projects.

Now, I find from the reply that the question is open and if that was so, then, perhaps, injustice was done to Assam at that time, which had accepted and reconciled to the decision that only richer States will be given counter guarantee and poorer States are expected to remain in darkness. That is the policy of the Government and we have accepted it. But, now, the question is that counter guarantee arises from the assurance of a minimum guaranteed post-tax return of 16 per cent on capital given by the Government of India. Now, 16 per cent return on capital at 68.5 per cent plant load factor and again an additional 0.07 per cent for every additional one per cent P.L.F. above 68.5 per cent may work out to return of even 30 per cent. And with padding of the costs for equipments and also of pre-operative experience and interest during construction, financing charges, etc. being very high with all that, the return to the investor could be as high as 60 per cent and if you take pre-tax, then it will be something like one hundred per cent.

MR. DEPUTY SPEAKER : Please put the question.

SHRI ISWAR PRASANNA HAZARIKA : This return is very high by any standards I would like to know whether the Government is going to extend the counter guarantee to fast track projects and to other IPPs based on this formula only or they are thinking of reviewing the formula because other projects which will not be given the counter guarantees will be deprived of this assurance. Then they would expect a higher return, to cover higher risks. Secondly, the need for counter guarantee arises because of doubt on the liquidity of the SEBs to pay to the IPPs for power supply.

Now, this position of liquidity arises because of the severe financial crisis being faced by the State Electricity Boards. The crisis is attributable to low plant-load factor high transmission and distribution losses, low recovery of revenue and above all below-cost tariff structure. No amount of artificial props will help the country to solve the power crisis until and unless you make the Electricity Boards viable. Therefore, the least that is to be done is to do something to upgrade about the tariff structure.

MR. DEPUTY SPEAKER : Please conclude. Only five minutes are left in the Question Hour.

SHRI ISWAR PRASANNA HAZARIKA : What is it that you are doing to prevail upon the the State Governments and the State Electricity Boards to improve the tariff structure to a more remunerative level.

THE PRIME MINISTER (SHRI H.D. DEVE GOWDA): Sir, with regard to counter guarantee, the then Government had agreed to give the counter guarantee to only about eight fast track projects. So far as the MoU system is concerned, in February, 1995 the then Government took a decision that the MoU system should be scrapped and the open bidding system should be introduced. It was done because of criticism from various circles including media who tried to find fault with the MoU system that there is no transparency. Because of that, that system was scrapped and the open bidding system has been introduced.

Our senior Member Shri Sontosh Mohan Dev has asked whether there is any change of policy on this issue so far as the New Government is concerned. Yes, the only change from the old policy is to empower the State Governments to clear the power projects upto Rs. 1,000 crore and they should not come to the Central Government. I will tell you very frankly. Whatever may be the intention of the Central Government, whatever may be the advantage of the economic liberalisation, the benefit was actually unable to reach the common man.

SHRI PRAMOD MAHAJAN : Why should they ever come to the Central Government ?...*(Interruptions)*

SHRI H.D. DEVE GOWDA : Please hear me. I do not want them to come to the Central Government. That is why I am saying this. At that time the investors themselves had no confidence because the situation was

like that. I do not want to blame the previous Government. When I was here, the then Government headed by Shri Chandra Shekhar pledged 25 tonnes of gold. I do not want to go into the details of all those things. it was well known to everybody as to what was the economic situation of the country then. So, at that time, the investors did not want to come because the Electricity Boards were in the red and the economic situation of the States was so bad and the country's economic situation was also in a crisis.

At that time the investors wanted some guarantee from the Government of India. Otherwise they did not want to invest here. On account of that, for eight projects which come within the period of one year after the announcement of the power policy, the Government of India has agreed to give counter guarantees for these eight fast track projects.

Sir, I would like to make myself clear. The intention of the Government is to see that these projects should be expedited as quickly as possible. I do not want to blame any Department of the Government of India here. The procedure is cumbersome. It will go to the Environment Department, it will go to the Central Electricity Authority and it will go to the Department of Economic Affairs. Like that, this itself is going to consume a lot of time. We do not want this type of procedure. We want to simplify it. That is why, tomorrow, I think, the legal notification is going to be issued so far as empowering the State Governments to clear projects upto Rs. 1,000 crore is concerned. There is no need to send these projects upto Rs. 1,000 crore to the Central Government for clearance.

SHRI PRAMOD MAHAJAN : Sir, we appreciate that. No power project should come to the Central Government. We appreciate your stand about Rs. 1,000 crore. Even if there is a project of Rs. 10,000 crore the State must be asked to clear it. Why should it come to the Centre at all ? There is no need for the Centre to clear it and justify it...*(Interruptions)* I am not objecting to your policy. I am saying that you go upto Rs. 10,000 crore limit. Do not take it in your hands...*(Interruptions)*

SHRI H.D. DEVE GOWDA : If it is going to help us, we will examine that. Whether your suggestion is going to further improve, I will examine that. The purpose of taking this decision is only to help the States to see that the power projects are cleared.

WRITTEN ANSWERS TO QUESTIONS

[English]

State Electricity Boards

*544. SHRI MADHAVRAO SCINDIA : Will the PRIME MINISTER be pleased to state :

(a) the power consumption rates chargeable by different State Electricity Boards as compared with those agreed upon with private foreign and Indian power generating companies;

(b) whether the State Electricity Boards have made out a case for enhancement of electric supply rates on this ground, with respect to domestic, rural and commercial power supply;

(c) if so, the details thereof; and

(d) the Government's response thereto ?

THE MINISTER OF STATE IN THE MINISTRY OF POWER AND MINISTER OF STATE IN THE MINISTRY OF NON-CONVENTIONAL ENERGY SOURCES (DR. S. VENUGOPALACHARI) : (a) The tariff for sale of power to various categories of consumers is fixed by each State Electricity Board taking into account various technical and commercial factors including the pooled cost of generation and supply and purchase of power etc. The tariff for sale of power from private, foreign and Indian Generating Companies would be fixed, on completion, in accordance with the principles and norms laid down in the Government of India's Tariff Notification for Generating Companies. It is, therefore, not possible to compare the tariff rates for consumers chargeable by SEBs with that of private foreign and Indian Power Generating Companies. The power consumption rates chargeable by different SEBs as on date are enclosed as statement.

(b) No, Sir. As per the Electricity (Supply) Act, 1948 the SEBs/State Governments are empowered to fix the consumer tariff on their own.

(c) and (d) : Do not arise in view of (a) and (b) above.

STATEMENT

Statement Showing Power Consumption Rates Including Electric Duty in Different SEBs - 1996-97

Sl. No.	States	Domestic	Commercial	Agricultural	Industrial
1.	Andhra Pradesh	111.00	261.00	4.75	270.00
2.	Assam	105.00	315.00	150.00	214.18
3.	Bihar	137.00	449.00	29.09	209.99
4.	Gujarat	169.50	376.40	61.22	271.59
5.	Haryana	171.00	255.00	55.10	255.00